

REBUTTAL TESTIMONY

of

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Illinois Commerce Commission

Petition for approval of an Alternative Rate Regulation Plan pursuant to Section 9-244 of the Public Utilities Act

Commonwealth Edison Company

Docket No. 10-0527

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Introduction

Q. Please state your name and business address.

A. My name is Eric P. Schlaf. My business address is 527 East Capitol Avenue, Springfield, Illinois, 62701.

Q. Are you the same Eric P. Schlaf who filed direct testimony in this proceeding?

A. Yes.

Purpose of Testimony

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my rebuttal testimony is to respond to the rebuttal testimony of Commonwealth Edison Company (“ComEd” or “Company”) witness Dr. Ross Hemphill.

Q. What conclusions and recommendation did you reach in your direct testimony?

A. I reached the following conclusions and recommendations (Staff Exhibit 3.0):

1. ComEd is seeking Commission approval to establish a cost recovery mechanism for smart grid programs that it intends to submit for approval in approximately one year. I disagree with ComEd’s claim that benefits will be lost or delayed unless the Commission approves the inclusion of terms representing the costs of these future programs in Rate ACEP, the tariff it is submitting for approval in this proceeding. I therefore recommend that the smart grid cost recovery terms DAA_{DC}, SMA_{DC}, SMCAA_{DC}, and APA_{DC} be deleted from Rate ACEP.
2. The Commission should direct ComEd to follow the policy guidelines adopted in the upcoming Smart Grid Policy Docket when ComEd submits future smart grid proposals under Sec. 9-244.

27 **Q. Did Dr. Hemphill's rebuttal testimony cause you to modify the conclusions and**
28 **recommendations that you discussed in your direct testimony?**

29 **A.** No.

30 **Q. How did Dr. Hemphill address your first recommendation that the smart grid cost**
31 **recovery terms DAA_{DC}, SMA_{DC}, SMCAA_{DC}, and APA_{DC} should be deleted from Rate**
32 **ACEP?**

33 **A.** Dr. Hemphill states that he does not accept my recommendation "...for the reason
34 stated above." (ComEd Ex. 6.0, p. 49, line 1072) As it is not clear to which reason Dr.
35 Hemphill is referring, I cannot respond to Dr. Hemphill.

36 **Q. How did Dr. Hemphill address your recommendation that the Commission should**
37 **direct ComEd to follow the policy guidelines developed in the Policy Docket when it**
38 **submits future smart grid proposals under Section 9-244 of the Public Utilities Act?**

39 **A.** Dr. Hemphill does not directly refer to this recommendation in his rebuttal testimony.
40 However, he states that "ComEd intends to honor the outcome [of] the Policy Docket."
41 (Id., p. 47, lines 1022-1023) ComEd's response to Staff Data Request EPS-1.01 clarified
42 that this statement was not meant to address my recommendation.

43 **Q. On page 49 of his rebuttal testimony, Dr. Hemphill states that, "Do you accept the**
44 **recommendations of Mr. Stephens and Dr. Schlaf that terms associated with the Low-**
45 **Income Assistance Program and Smart Grid be removed from the formula?" Please**
46 **respond.**

47 **A.** I did not address low-income issues in my direct testimony and therefore did not make
48 that recommendation.

49 **Q.** **Dr. Hemphill states that, “Dr. Schlaf and Mr. Stephens quote language in ComEd’s last**
50 **rate case (Docket No. 07-0566) establishing the process for considering Smart Grid in**
51 **Illinois.” He also states that, “Nor is there anything else in the Order suggesting that a**
52 **cost recovery mechanism cannot be considered in a separate proceeding.” (Id., p. 36,**
53 **lines 790-792 and lines 798-799) How do you respond?**

54 **A.** The Final Order in Docket No. 07-0566 set out a process for addressing smart grid issues.
55 The initial steps – ComEd’s pilot program and the Illinois Statewide Smart Grid
56 Collaborative – are either underway or have been completed. The next task is the Policy
57 Docket. ComEd’s request to gain approval of a cost recovery mechanism that would be
58 applicable to future projects constitutes an extra and unanticipated step in that process.

59 **Q.** **Dr. Hemphill states that, “The determination of the cost recovery mechanism is a**
60 **separate question from the determination of which AMI and Smart Grid programs will**
61 **be deployed.” (Id., p. 37, lines 817-819) Please comment.**

62 **A.** ComEd is proposing a cost recovery mechanism in advance of an actual smart grid
63 proposal. It is not a certainty that the budget-based cost recovery mechanism that for
64 electric vehicle and low-income programs that ComEd has proposed in this proceeding
65 should also be applied to smart grid investments. Whether that type of mechanism
66 would be appropriate will depend on the details and facts of the proposal.

67 **Q. Dr. Hemphill states that there would be no purpose in filing a second alternative**
68 **regulation plan when it is proposing a plan in this proceeding. He also states that,**
69 **“[Filing a separate smart grid alternative regulation proposal] would add more**
70 **uncertainty and will delay and impede the implementation of any Smart Grid proposal**
71 **that the Commission finds may benefit customers.” (Id., lines 826-827 and lines 828-**
72 **830) Please comment.**

73 **A.** I disagree. One purpose of filing another alternative regulation proposal
74 applicable to smart grid proposals would be to allow the Commission to examine
75 the cost recovery mechanism in light of the information and evidence that
76 ComEd would submit to support its proposal. Also, as I pointed out in my direct
77 testimony, filing a separate smart grid alternative regulation proposal would not
78 delay benefits. Under ComEd’s proposal in this proceeding, the Company’s
79 timetable for submitting smart grid projects for approval following the Policy
80 Docket follows essentially the same timetable described in the Commission’s
81 Final Order in Docket No. 07-0566.

82 **Q. Does this conclude your rebuttal testimony?**

83 **A.** Yes, it does.